MITRETEK SYSTEMS

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Federal Communications Commission
Office of Secretary

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19 June 1997

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Mr. Bill Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: Comments of Mitretek Systems, Inc., In the Matter of the North American Numbering Council, CC Docket No. 92-237

Mr. Caton:

Attached are Mitretek's comments on the NANC's North American Numbering Plan Administrator and Billing and Collection Agent Recommendation.

Innovative Technology in the Public Interest

Please acknowledge receipt hereof by affixing a notation on the duplicate copy of this letter furnished herewith for such purpose and remitting same to the bearer.

Sincerely,

H. Gilbert Miller

HGM/dm

cc: Jeannie Grimes (2 copies)
Marian Gordon

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of:	)	
	)	
NANC's North American Numbering Plan Administrator and Billing and Collection Agent Recommendation	)	CC Docket No. 92-237
	)	
	)	

Pursuant to the Commission's Public Notice DA 97-1055 (19 May 1997),[1] Mitretek Systems, Inc. ("Mitretek") hereby submits the following comments in the above-captioned docket pertaining to the "Administration of the North American Numbering Plan."

Summary

In these Comments, Mitretek shows that the significant price difference between the received North American Numbering Plan (NANP) Administration proposals results from a 100 percent difference in the respondents' proposed number of staff. This difference in proposed staff levels results from a clear and material difference in the assumed number of NPAs requiring relief and the assumed workload associated with critical day-to-day functions required for Central Office code administration. Mitretek argues that since technology and market forces have increased the number of NPAs in relief planning by 600 percent in the last five years, the likelihood of a decrease in NPA relief planning during the initial 5-year term of the new NANP Administration is extremely unlikely. Mitretek compares the proposed staff levels to three benchmarks, available from the

[1] *The North American Numbering Council (NANC) issues recommendations on the North American Numbering Plan Administrator, billing and collection agent, and related rules; pleading cycle established*, CC Docket No. 92-237, Public Notice, DA 97-1055 (19 May 1997).

Commission, the North American Numbering Council (NANC), and the California Public Utilities Commission (PUC). Mitretek argues that NANP number resources are too critical to accept unnecessary risk resulting from poor performance when staff levels are believed to be inadequate at the time of selection.

Recognizing that the NANC did not reach consensus, Mitretek recommends that the Commission select, as the new NANP Administration, an organization with sufficient staff to perform the NANP functions in a manner that is responsive to the needs of all segments of the telecommunications industry and their customers, the public. Since the prices contained in the proposals cannot be compared due to the differences in the underlying levels of NANP Administration activity, and since the unit prices (i.e., price per staff) were recognized by the NANPA Working Group Evaluation Team to be approximately equal, Mitretek recommends that the Commission select the organization with the proposal that received the highest 'function' score. The resulting selection will ensure the most effective and efficient new NANP Administration, both from a function and price standpoint. Mitretek recommends that the Commission promulgate rules that will allow the NANP Administration to start with the recognized and appropriate number of staff and then adapt to uncertain levels of NPA planning activities as code requests through annual reductions as needed. Mitretek further recommends that the Commission assign a high level of priority to the establishment of the new NANP Administration and resolve to support this critical undertaking with the appropriate and necessary level of staffing, funding, and other resources.

Comments of Mitretek Systems, Inc.

1. The North American Numbering Council (NANC) did not reach consensus in its recommendation of a new North American Numbering Plan (NANP) Administration because of differences in the prices proposed. In the North American Numbering Plan Administration Report and Order,[2] the Commission established a Federal Advisory Committee (i.e., the NANC) to provide input to the Commission's selection of a new NANP Administration. The NANC established the NANPA Working Group, comprised of industry experts in numbering plan administration and current incumbent Central Office (CO) code administrators, to prepare a Requirements Document[3] establishing the requirements for the new NANP Administration. The NANC later established the NANPA Working Group Evaluation Team, comprised of members of the NANPA Working Group, to evaluate and score proposals received in response to the NANC-issued Requirements Document. In a direct comparison of the Mitretek and Lockheed Martin ("Lockheed") proposals, a majority of the NANPA Working Group Evaluation Team voting members favored the Mitretek proposal.[4] "The price associated with the Mitretek proposal was the primary concern. The majority of the evaluation team, however, believe[d] that the significant beneficial attributes of the [Mitretek] proposal far outweigh[ed] this concern."[5] "Although the NANC did not

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[2] *Administration of the North American Numbering Plan*, Report and Order, FCC Docket No. 92-237, 13 July 1995.

[3] *North American Numbering Council (NANC) North American Numbering Plan (NANP) Administration Requirements Document*, issued 20 February 1997 by the NANC (hereafter referred to as Requirements Document).

[4] NANPA Working Group Evaluation Team, *Report to the North American Numbering Council* (hereafter referred to as NANPA Working Group Report) at page 5.

[5] NANPA Working Group Report at page 9.

reach consensus on a preferred respondent for the new NANP Administration, a majority [of those members voting] (13 members) voted for Lockheed, while 11 members voted for Mitretek."[6]

2. The differences in proposed prices result from a significant difference in the number of staff proposed to implement the new NANP Administration. The NANC recognized the 100 percent price difference between the Mitretek and Lockheed proposals and also recognized that the price difference was related to the Mitretek proposed staff level of 53 versus Lockheed's staff level of 25.[7] The NANC Report was silent on any investigation, understanding, or explanation of why these two respondents differed by a factor of two in their estimate of the number of staff required to meet the NANP Administration requirements. Further, the NANC Report did not state if the larger number of staff resulted in the higher function score for Mitretek.[8] However, from reading the reports of the NANC and the NANPA Working Group Evaluation Team, the cited price and staff level differences were clearly the reasons neither group was able to reach consensus. Neither group was able to reconcile opposing views for dramatically lower price versus staff adequately sized to address the requirements. Both the NANC and the NANPA Working Group Evaluation Team raised concerns

[6] North American Numbering Council, *Recommendations of the North American Numbering Council*, 15 May 1997 (hereafter referred to as NANC Report) at page 3.
[7] NANC at page 10.
[8] The function scores were presented at page 33 of the NANPA Working Group Report:

	Function Score
Mitretek	4.189
Lockheed	3.810
Bellcore	3.748
CCMI	2.009

about the small staff proposed by Lockheed. For example, "concerns regarding the ability of Lockheed to perform the NPA Relief and CO code administration functions in an efficient and effective manner because of their proposed small staff (i.e., 11 people)."[9] Also, "concerns that should Lockheed be selected, they would not have appropriate, experienced staff in place to meet the required NANPA transition timeframes."[10]

3. The differences in proposed staff levels result from significant differences in the assumed number of NPAs requiring relief and the assumed workload associated with critical day-to-day functions required of the CO code administrator. The NANPA Working Group Evaluation Team makes clear that any price difference is not due to a fundamental difference in the unit price of staff.[11, 12] Differences in the number of staff result from the number of events requiring staff participation (e.g., number of NPAs requiring relief) or the workload associated with each CO code administration function (e.g., staff hours per CO code assignment).

4. The significant differences in the number of NPA relief activities used by the respondents are evidence of the potential ambiguity in and misunderstanding of the stated requirements. Following their deliberation and voting of this matter, the NANC issued a request to all respondents to document certain assumptions used as a basis of

[9] NANC Report at page 6 and NANPA Working Group Report at page 10.
[10] NANPA Working Group Report at page 11.
[11] At the staff levels (53 staff from Mitretek and 25 staff from Lockheed, NANPA Working Group Report at page 7) and prices (Lockheed at half the price, NANC Report at page 5) quoted, the unit prices for staff are equal or favor Mitretek.
[12] NANPA Working Group Report at page 8 states "The Mitretek cost per person was comparable to other respondents."

proposed staffing levels. The most critical of these assumptions requested by the NANC to be documented was the assumed number of NPA relief activities in *each* year over the 5-year period. The respondents provided the information[13, 14] shown in Figure 1. These responses, received after NANC deliberation and voting, demonstrate a clear and material difference in the assumptions made by the respondents.

Respondent	Year 1	Year 2	Year 3	Year 4	Year 5
Mitretek	26 (71[15])	67 (71)	71	71	71
Bellcore	15 (45[16])	15 (45)	15 (45)	15 (45)	15 (45)
Lockheed	35	35	35	35	35
CCMI	33.5	33.5	31.5	31.5	31.5

Figure 1. There Are Significant Differences in the Number of NPAs in Relief Planning Per Year Assumed by the Respondents

5. The Central Office Code Utilization Study (COCUS) forecast and history are better indicators of future activity levels than the Requirements Document. As discussed in Attachment A,[17] the derivation of the per year number of NPAs in relief planning requires four adjustments to the numeric requirements contained in the Requirements Document. Each respondent had to account for Area Code 809 relief planning activity, application of the guideline-required planning cycle, distribution of the Requirements Document NPAs across the NANP Administration term, and the uncertainty of the FCC selection date. All of these factors contribute to potential

[13] NANC Report at Attachment 4.
[14] The term "number of NPAs in relief planning" is specifically defined in Paragraph A1 in Attachment A to these Comments.
[15] Mitretek assumed 71 NPAs in relief planning in each of the five years. As noted in its response to the NANC's question, the "26" and "67" shown in Figure 1 reflect the Mitretek-phased transition schedule.
[16] The 3-year NPA relief planning cycle must be accounted for in order to compare respondent assumptions. Hence, the Bellcore-provided response of 15 per year is adjusted to 45 per year.
[17] Paragraph A2 in Attachment A to these Comments.

ambiguity and misunderstanding of the number of NPAs in relief planning. Given this potential ambiguity in the Requirements Document, the publicly-available COCUS data is a more appropriate basis for the NANPA workloads and proposed staffing levels. This COCUS data was, most likely, the source of the Requirements Document data.

6. The recent COCUS forecasts and history show an expected level of NPA relief planning activity greater than the Requirements Document. The most definitive and universally available source of NPA relief activity is the annual COCUS report, which lists relief activities in progress and projects the exhaust of individual NPAs by quarter over a 9-year planning horizon. Figure 2[18] shows the number of NPAs in relief planning based on the 1993 COCUS,[19] 1995 COCUS,[20] 1996 COCUS,[21] and 1997[22] COCUS.

[18] The results contained in Figure 3 are derived in Paragraph A3 in Attachment A to these Comments. The number of NPAs in relief planning is calculated by using the end date for each NPA relief activity, as specified in the COCUS, assuming a start date for NPA relief planning of three years earlier, and then counting, on a quarterly basis, the number of overlapping activities.

[19] *North American Numbering Plan-Numbering Plan Area Codes-1994 Update*, Bellcore, January 1994 (hereafter referred to as 1993 COCUS).

[20] Deak, James N., *North American Numbering Plan-Numbering Plan Area Codes-1996 Update*, Bellcore, January 1996 (hereafter referred to as 1995 COCUS).

[21] Deak, James N., *North American Numbering Plan-Numbering Plan Area Codes-1997 Update*, Bellcore, January 1997 (hereafter referred to as 1996 COCUS).

[22] Deak, James N., *Results of the 1997 Central Office Code Utilization Survey (COCUS)*, Bellcore, 21 May 1997 (hereafter referred to as 1997 COCUS).

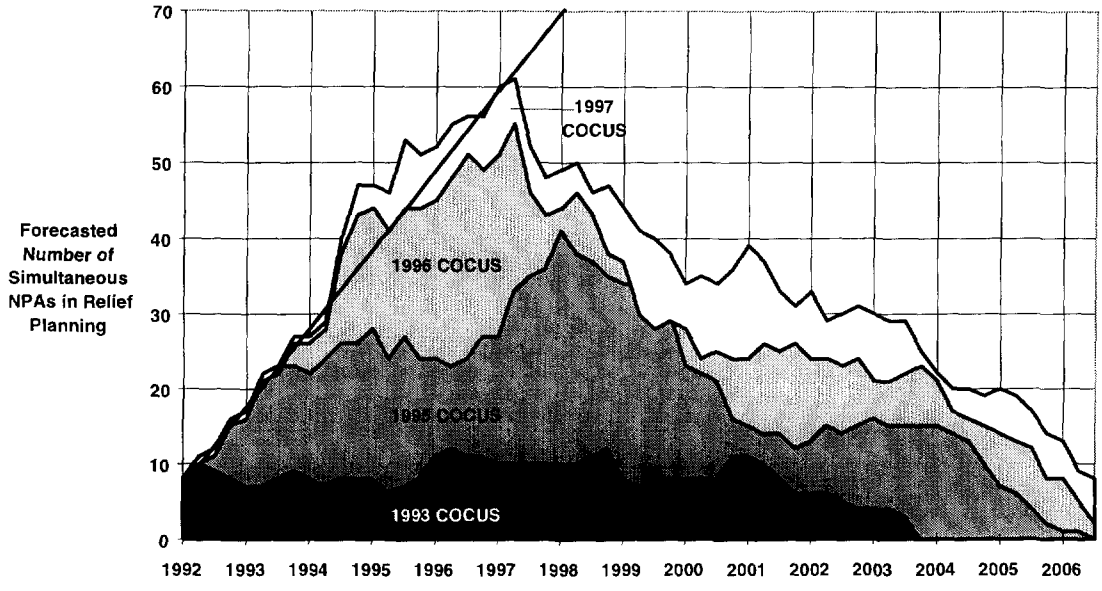

Figure 2. Number of NPAs in Relief Planning Per Year Derived From Recent History Reported in the COCUS

This figure shows significant variability in the predicted amount of NPA planning activity; the 1993 COCUS forecast predicts relatively constant NPA relief planning activity, while the 1995 COCUS, 1996 COCUS, and 1997 COCUS show sudden peaking of the number of NPAs in relief planning. The 1996 COCUS forecast for the peak number of simultaneous NPA relief activities bears no resemblance to the 1993 COCUS forecast. Clearly, any single COCUS forecast has not proven to be a good estimator of the new future workload and activity level, and, as such, is not a reliable basis for developing a firm, fixed price proposal. In deriving the workload and proposed staffing levels, the COCUS data for the last several years, not just a single year's COCUS data, must be examined. The most recent COCUS shows a reduction in simultaneous activity after reaching a peak of 61 NPAs in relief planning. However, actual activity since 1992, as shown in Figure 2, has always exceeded forecasts and the projected peak activity has increased every year since the 1993 COCUS. As shown in

Figure 2, the number of NPAs in relief planning has increased at a rate of greater than 10 per year over the last five years. Given the 1997 level of 61, a level of about 70 NPAs in relief planning can be expected in 1998. Combining the data from Figures 1 and 2, the assumed number of NPAs in relief planning for each respondent is shown in Figure 3 relative to the recent COCUS history. The data shown in Figure 3 assumes a 5-year NANP Administration term starting in the last quarter of calendar year 1997.

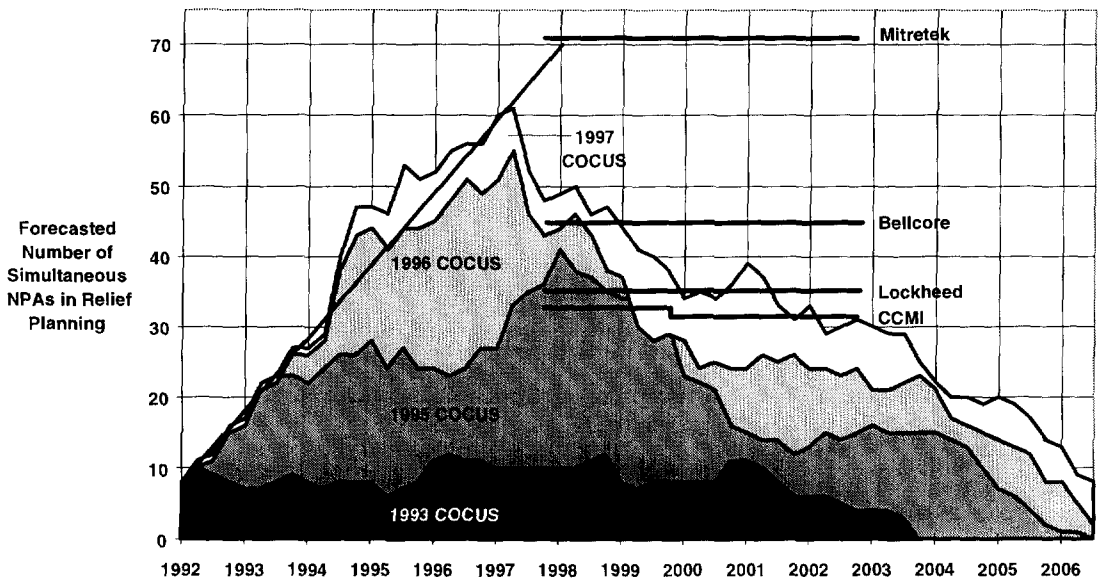

Figure 3. Number of NPAs in Relief Planning Per Year Assumed By Each Respondent

7. Technology and market factors will continue to drive the number of NPAs in relief planning such that any decrease during the 5-year NANPA term is extremely unlikely.

In the most recent years (as shown in Figure 2), the actual number of NPAs in relief planning was greater than predicted and the reduction after the forecasted peak has yet to occur. The events that have caused the increased and changing peak in NPA relief activity (e.g., new entrants, new technologies, increased competition, increased deregulation, changing forecasts that result in relief planning activities not starting in

accordance with industry guidelines) are not relenting. In fact, these events are increasing in intensity and occurring faster than the present forecasting methods can keep pace. COCUS forecasts have failed to capture these influential events, as well as the resultant and significant increase in NPA activities. As a result, the number of NPAs in relief planning will likely not decrease, but, rather, will continue at least at the 1998 level, as forecasted in Figure 3, throughout the relatively short term (i.e., the last three years of the initial NANPA 5-year term).

8. Recent COCUS data demonstrates the variability and uncertainty in forecasts related to number resource exhaust and in the number of NPAs that will require relief. The variability, or uncertainty, in the amount of NPA relief activity may be examined by determining the change in the peak activity for each COCUS, as shown in Figure 4. The peak number of NPAs in relief planning has grown dramatically (i.e., 600 percent in four years). As demonstrated, any single forecast would not be a good estimator of the future NPA relief planning workload.

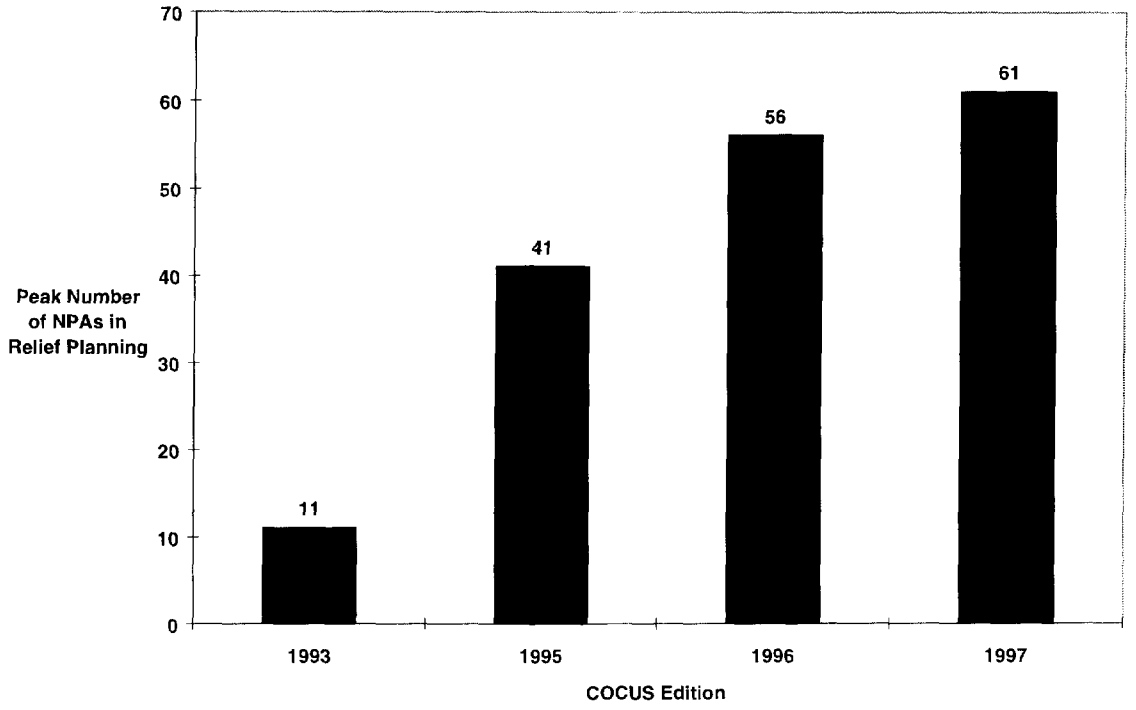

Figure 4. The COCUS Predicted Peak Number of NPAs in Relief Planning Has Grown Dramatically

The peak number of NPAs in relief planning has grown dramatically (i.e., 600 percent in four years). As demonstrated, any single forecast would not be a good estimator of the future NPA relief planning workload.

In addition to the changes in the predicted peak number of NPA relief planning activity, the identification of new (i.e., additional) NPAs exhausting within the COCUS planning window compound the already uncertain forecast of relief activity and associated workload. As demonstrated in Figure 5, the 1996 COCUS reflected several newly identified NPAs requiring relief (reflected by year in which exhaust is now predicted) that had not been identified in any previous COCUS. For example, the 1996 COCUS identifies five NPAs requiring relief in 1999 that were identified in the

1996 COCUS as not requiring relief until after 2006. A total of 38 NPAs requiring relief were newly identified in the 1996 COCUS.

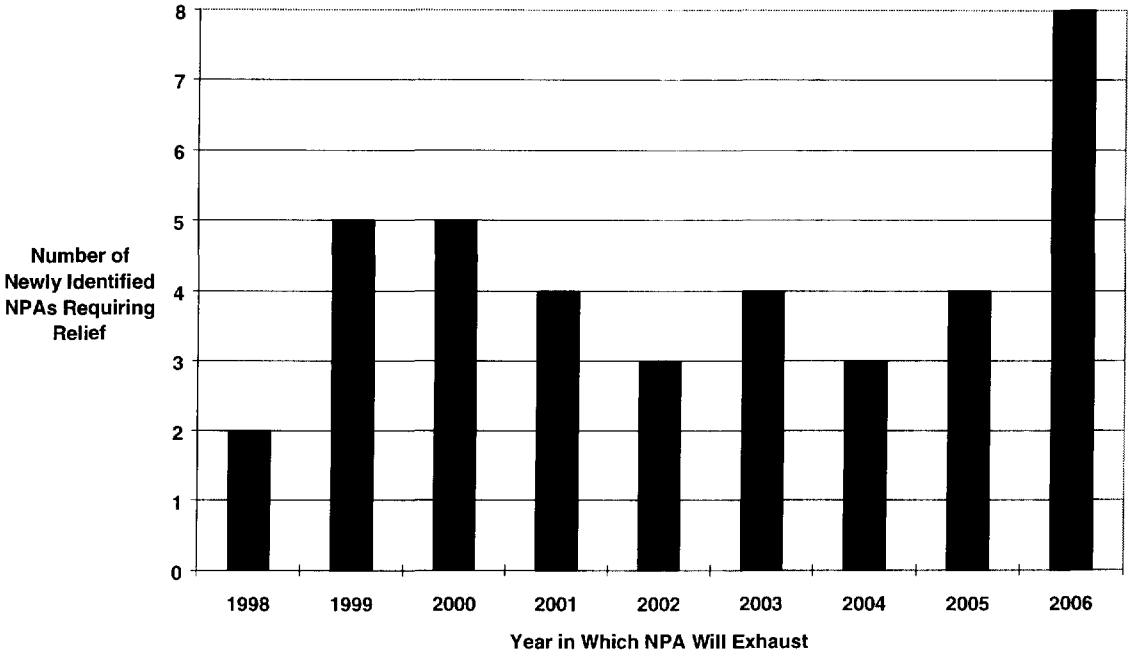

Figure 5. Newly Identified NPAs Requiring Relief (1996 COCUS)

Yet another indication of the uncertainty in the number of NPAs that will require relief and, more specifically, the resultant NPA relief planning workload is the number of NPAs with advanced or delayed exhaust dates. Figure 6 shows the number of NPAs in the 1996 COCUS forecast with advanced or delayed exhaust dates relative to the dates in the 1995 COCUS forecast. The number of NPAs with advanced or delayed exhaust dates is shown as a function of the number of quarters advanced or delayed. For example, the exhaust date of 27 NPAs was advanced by between 1 and 4 quarters.

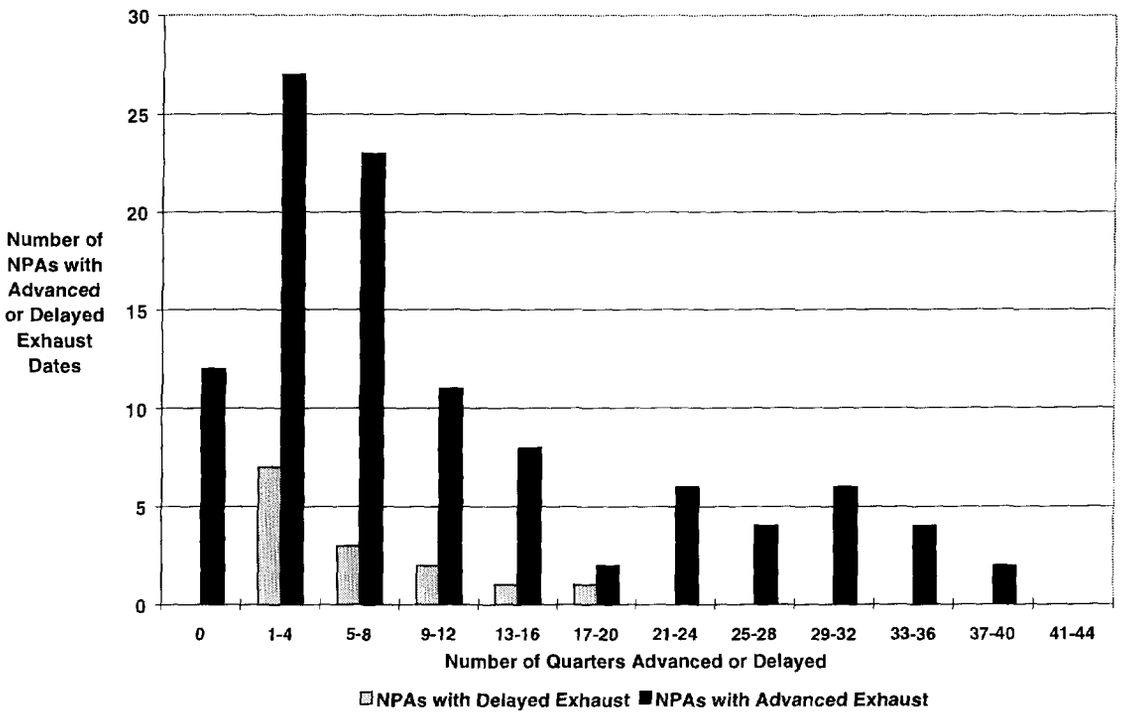

Figure 6. Number of NPAs With Advanced or Delayed Exhaust Dates (1996 COCUS)

Figure 7 shows the number of NPAs in the 1996 COCUS with advanced exhaust dates as a function of the number of quarters advanced. For example, the exhaust dates of 93 NPAs were advanced by at least 1 quarter when the exhaust dates for the 1996 COCUS and 1995 COCUS forecasts are compared; the exhaust dates of 43 NPAs were advanced more than 8 quarters or 2 years; and the exhaust dates of 32 NPAs were advanced more than 12 quarters or 3 years.

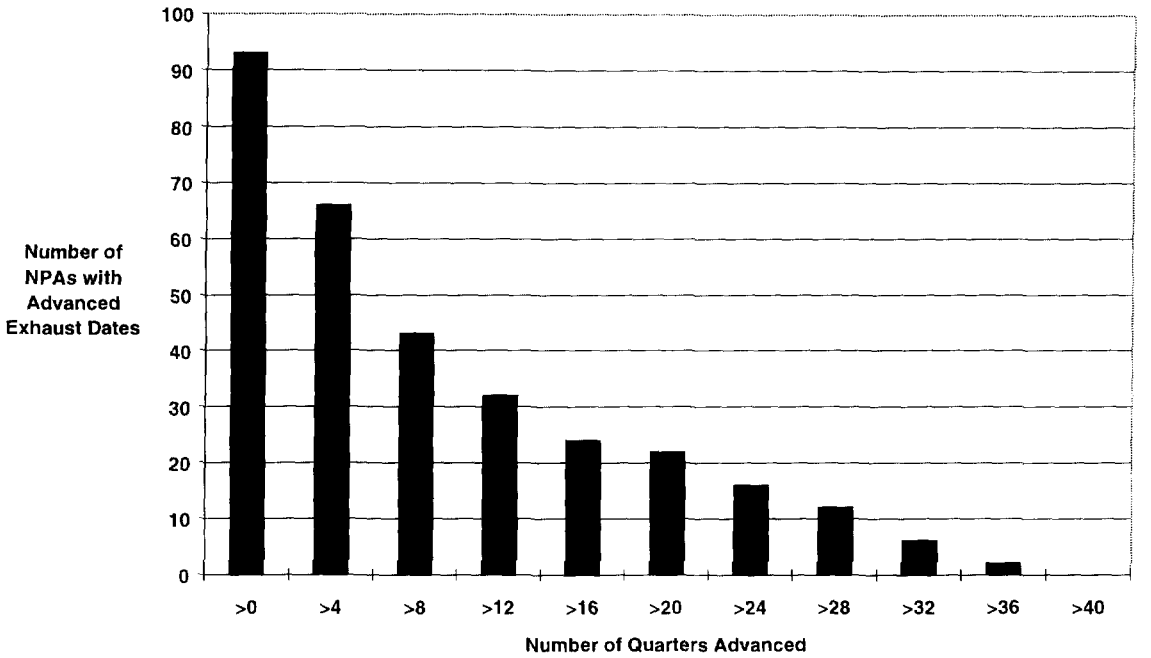

Figure 7. Number of NPAs With Advanced Exhaust Date (1996 COCUS)

9. The difference in proposed staff levels also results from significant differences in the assumed staff time required to perform key CO code administration and NPA relief planning functions. From limited data contained in the redacted proposals and the NANC Report, the assumed staff time for performing CO code administration and NPA relief planning functions can be examined. Mitretek proposed 10 professional staff to perform only the CO code administration function. Mitretek personnel, with direct experience acting in the role of CO code administrator, estimated that 2 hours of staff time were required per CO code assignment. This estimate was based on a time and motion study[23] that determined that 4 hours were typically required per assignment. A 50 percent improvement in efficiency was then gained by Mitretek's

[23] CO Code and Administration Time and Motion Study conducted on behalf of the Canadian Code Administrator.

use of information technology (e.g., common database and computer applications for core assignment, collaborative tools and communications to facilitate assignment of CO codes from any of the Mitretek NANP Administration sites, electronic submission of requests) and an integrated team approach (e.g., staff trained across functions, staff geographically distributed to better serve the industry and to minimize travel). Lockheed proposed 11 staff [24] to perform *both* the CO code administration function and the NPA relief planning function. If Lockheed planned to use half that staff for the CO code administration function, and if Lockheed and Mitretek assumed the same number of CO code assignments per year, then it is clear that Lockheed assumed 50 percent less time (i.e., 1 hour) per CO code assignment than Mitretek.

The industry guidelines are currently being implemented with an average 3-year planning cycle preceding an NPA relief date. NANP Administration personnel, like incumbent CO code administration personnel, will be most active during the first year, performing analyses of alternatives, hosting and attending industry and public meetings, and proposing a relief plan to the State Regulatory Commission. Mitretek personnel, with direct experience of acting in the role of CO code administrator and NPA relief planner, estimated that one NPA planner can support two activities during the first year of planning. During the second and third years of the planning cycle, one NPA planner can support six activities. These figures result in an average workload factor of 0.28 staff required per NPA in relief planning (i.e., approximately 4 per staff per year) at any given time. Continuing to assume that Lockheed planned to use half

[24] NANC Report at page 6.

of its 11 proposed staff for only the CO code administration function and accounting for the factor of 2 difference between the assumed number of NPAs in relief planning (i.e., 71 for Mitretek versus 35 for Lockheed), there remains a factor of 2 difference between the Lockheed and Mitretek proposals in the number of staff proposed for the NPA relief planning function. That is, Lockheed would seem to be staffing the new NANP Administration assuming that one staff could handle 7 NPAs in relief planning per year.

10. Three staff level benchmarks are available for examining the realism of the proposed staff levels. First, the Requirements Document[25] stated that there are at least 26 code administrators and relief planners, as well as 10 support staff, performing the CO code administration and NPA relief planning functions in the incumbent CO code administration organizations. These numbers are clearly a lower bound on the current staff levels since data from 4 of the 11 incumbent CO code administration organizations were not included. Lockheed proposed 11 staff, and Mitretek proposed a staff of 27 code administrators and relief planners and 10 support staff to perform the same functions. Second, the Commission previously estimated the number of required staff for the new NANP Administration to be between 40 and 50.[26] Third, the consensus position of industry and state government groups commenting before the California Public Utilities Commission[27] estimated that 9 staff (8 employees and 1

[25] Requirements Document at Attachment 2.
[26] *Administration of the North American Numbering Plan*, Notice of Proposed Rulemaking, 9 FCC Rcd 2068 (1994) (hereinafter referred to as NPRM) at paragraph 97.
[27] Public Utilities Commission of the State of California, Decision 96-10-067, 25 October 1996.

supervisor) were required to perform *only* the NPA relief planning and COCUS analysis function *just* in California.

> The Coalition and [Division of Ratepayer Advocates] recommend that the [California Public Utilities] Commission initially dedicate eight employees to [COCUS, Forecasting, NPA Relief Planning, and Facilitation] along with one supervisor. Staffing at the higher end of [Pacific Bell's] estimate is desirable, in view of the many near-term and concurrent activities that will need to occur, and in light of the need to assume these functions as quickly as possible. The Coalition recognizes that the assignment of eight or more Commission employees to perform the transferred functions constitutes a substantial commitment on Commission resources. However, such a commitment appears to represent the minimum level necessary to [e]nsure that these functions are performed in an adequate and, above all, timely manner. In approving the transfer of these functions from [Pacific Bell] to the [California] Commission staff, it is imperative for the Commission to assign a high level of priority to this project and resolve to support it with the proper level of staffing, funding, and other resources.

11. The dramatic growth in the predicted NPA relief planning activity, the variability and uncertainty in the number of NPAs in relief planning, the unrelenting technology and market demand for number resources, the firm, fixed price requirement, and the need for high quality administration of the NANP resources require a sufficiently sized NANP Administration staff to provide the required and critical NANPA, CO code administration, and NPA relief planning functions. The volatility in NPA relief planning activities is dramatic and has resulted from the significant and unpredicted demand for number resources. As the influencing factors of new technology and market demands are not abating, a decrease in the need and consumption of these critical number resources is not likely to occur in the near future. Because of the firm,

fixed price proposal requirement, it is both reasonable and prudent to size the new NANP Administration staff to address this predicted peak level of activity. A new NANP Administration staff not properly sized to meet this peak will result in serious performance deficiencies. The factors that have been fueling the demand for numbers and, thus, the continually increasing peak forecast of NPA relief planning activities are expected to continue their present trends. Beyond 1998, the most reasonable expectation is that the number of NPAs in relief planning will continue at least between the current level of 61 and the predicted level of 70, as shown earlier in Figure 2. Sufficient staffing levels are required to address these NPA relief planning activity levels. To staff according to a level of capability less than these levels would cast doubt on the ability of a new NANP Administration to deliver NANPA, CO code administration, and NPA relief planning functions of satisfactory quality at the offered price.

12. The record is clear that in developing the Requirements Document the NANC did not elect any pricing scheme other than firm, fixed pricing. All eight draft versions and the final, official version of the Requirements Document clearly stated that the NANC sought firm, fixed prices with the submitted proposals. The NANPA Working Group stated that "the winning respondent must perform the functions of the new NANP Administration at the fixed price submitted by the respondent irrespective of the accuracy of the respondent's cost estimates."[28] Further, there is no evidence in the

[28] NANPA Working Group, *CCMI NANPA Working Group Questions*, 26 March 1997.

draft rules presented prior to the 14 May 1997 meeting of the NANC that any price basis other than firm, fixed pricing was being considered or proposed.[29]

13. Mitretek on two occasions formally suggested that, if interested in a lower price, the NANC consider a pricing basis other than firm, fixed price. In our proposal,[30] we stated:

> "In addition to providing a firm, fixed price proposal as required, we are prepared to submit a cost plus fixed fee (CPFF) proposal. The purpose of this CPFF proposal, which is our typical way of providing our services, would [be] to show that our price can be further reduced if risk is agreed to be shared by the NANC."

In response to a question asked by the NANC,[31] we stated our willingness to work in partnership with the NANC to adjust the price, not only if we had underestimated the staff required (as specifically asked by the NANC), but also if we had *overestimated* the staff required to perform the required functions.

14. The NANC departed from a firm, fixed pricing requirement and incorporated a price adjustment mechanism due to the difference in proposed staff levels and perceived future need for additional staff. In its 15 May 1997 recommendation to the Federal Communications Commission (FCC), the NANC proposed the following additional rule to apply to the new NANP Administration:

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[29] In fact, the Cost Recovery Team (a subgroup of the NANPA Working Group) rejected anything other than a firm, fixed price basis in their 21 January 1997 meeting.

[30] Mitretek Systems, *Response to the North American Numbering Council* (hereafter referred to as Mitretek Proposal), 3 April 1997, at page 8.

[31] Verbal question asked by Mr. Alan C. Hasselwander, NANC Chairman, to Dr. H. Gilbert Miller, Vice President, Mitretek Systems, during the 14 May 1997 NANC Meeting.

> "The new NANPA shall perform the functions at the price agreed to at the time of its selection. The new NANPA may request from NANC, with approval by the FCC, an adjustment in this price should the actual number of CO Code assignments made per year, the number of NPAs requiring relief per year or the number of NPA relief meetings per NPA exceed 120% of its stated assumptions for the above tasks at the time of its selection."[32]

This proposed rule changes the fundamental price and risk strategy considered and proposed by Mitretek, and perhaps the other respondents. Furthermore, since the trigger for this adjustment is the stated assumptions of the respondent, rather than the NANC-stated requirements, this change would appear to encourage and reward any understatement of the required staff and cost. One could reasonably conclude that the NANC was prescribing an adjustment mechanism, because it believed that a later, upward price adjustment would be required. Clearly, the change is counter to the NANC-stated requirement of firm, fixed pricing.

15. The NANP number resources are too critical to accept unnecessary risk resulting from poor performance when staff levels are believed to be inadequate at the time of selection. The NANC-recommended price adjustment allows for additional staff to be added after the number of code assignments, NPAs in relief, or NPA-related meetings exceed the respondent's assumed threshold level. However, as written, the proposed adjustment would occur only after the threshold level was exceeded and perhaps had been exceeded for some time. Hence, additional staff resources would be added only after the need materialized. This after-the-fact funding of required staff can only result in poor NANP Administration performance once the threshold is reached. The

[32] NANC Report at page 17.

consequences of insufficient staff to assign codes, predict exhaust, plan NPA relief, and manage jeopardy conditions are unacceptable to industry, both incumbent and new entrants, and certainly to state regulators, other participating countries, and this Commission.

16. Therefore, we recommend that the Commission take all of the following actions:

a) Select, as the new NANP Administration, an organization with sufficient and guideline-compliant staff levels to perform the NANC-stated requirements. The Commission should not base a selection decision on proposals that do not incorporate sufficient staff and that do not comply with the NANC-stated requirements. In making the selection, the Commission should:

i. Examine the realism of the staffing levels offered by the respondents by comparing, as appropriate, the proposed staff levels to the current incumbent staff levels and staff levels based on the number of NPA relief activity predicted in these comments.

ii. Ensure that an appropriate number of staff (i.e., as compared to the cited benchmarks, the Requirements Document, the required industry guidelines, and the level of NPA relief activities predicted in these comments) required to perform the specified requirements in an efficient and effective manner is included in the selected new NANP Administration organization. The Commission should confirm that the selected proposal offers sufficient staff to perform all functions within the quoted firm, fixed price.

iii. Reconcile the proposed staff levels with the existing Commission staff estimate of between 40 and 50.[33] Any deviation from this previous estimate should be well-understood and based on a detailed analysis of the NANC requirements.

b) Use as the basis of selection the fixed unit prices[34] (e.g., per staff or per NPA relief activity) and recognize, as did the NANPA Working Group Evaluation Team,[35, 36] that the unit prices for the Mitretek and Lockheed proposals were comparable and approximately the same. The Commission should not compare the prices of two proposals which assumed a significantly different level of NPA relief planning activity. The NANC could determine, at or after the time of selection, the number of units (e.g., staff or NPA relief activities) to be provided by the new NANP Administration. The expertise to make such a determination is available within the NANC and its subgroups (e.g., NANPA Working Group Central Office Transition Task Force).

c) Select, as the new NANP Administration, the organization with the proposal that received the highest 'function' score. Using the relative weighting of function and price scores stated by the NANC and, if the unit prices are considered to be approximately the same (per recommendation b), above), the 'function' score

[33] NPRM at paragraph 97.
[34] Price proposed per function (i.e., NANPA, CO Code Administration, Relief Planning) divided by the respondent assumed number of activities.
[35] NANPA Working Group Report at page 8 states "The Mitretek cost per person was comparable to other respondents."
[36] At the staff levels (53 staff from Mitretek and 25 staff from Lockheed, NANPA Working Group Report at page 7) and prices (Lockheed at half the price, NANC Report at page 5) quoted, the unit prices for staff are equal or favor Mitretek.

will differentiate the proposals.[37] The NANPA Working Group Evaluation Team scored the four proposals based on their 2-week schedule of reading, considering, discussing, and debating the detailed proposals, as well as their number administration expertise. Further, the majority of the NANPA Working Group Evaluation Team believed that significant beneficial attributes of the proposal with the highest 'function' score far outweighed any price difference even when this difference was 100 percent.[38] With recommendation b), above, the selection of the organization with the highest 'function' score will ensure the most effective and efficient new NANP Administration, both from a function and price standpoint.

d) Recognize the uncertainty associated with the predicted number of NPAs requiring relief and promulgate rules that will allow NANP Administration staff levels to adapt to actual versus predicted levels of NPA planning activities. Instead of adopting a rule that allows for price increases due to an inadequate number of staff and the associated poor performance that would result from such inadequacy, start with the recognized and appropriate number of staff and establish a rule that provides for price reductions should the actual number of CO code assignments made per year, the number of NPAs requiring relief per year, or the number of NPA relief meetings per NPA by some percentage (e.g., 20 percent) less than the NANC-stated requirements. Alternatively, the Commission could specify which

[37] The following 'function' scores were presented at page 33 of the NANPA Working Group Report:

	Function Score
Mitretek	4.189
Lockheed	3.810

[38] NANPA Working Group Report at page 9.

functions (i.e., NANPA, CO code administration, NPA relief planning) would be procured on a firm, fixed price basis and which would be procured on a fixed unit price basis or other basis.[39] All such adjustments should be made with the agreement of the NANC and the concurrence of the Commission, and should be performed on a annual basis.

e) Assign a high level of priority to the establishment of the new NANP Administration and resolve to support this critical undertaking with the proper, appropriate, and necessary level of staffing, funding, and other resources.

Respectfully submitted,
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[39] The Commission has successfully established Cost Allocation Manuals for such purposes.